

Testimony Presented to the Program Review and Investigations Committee

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Connecticut's Efforts at Maximizing Federal Funds

Good Afternoon, Co- Chairs Fonfara and Rowe, Ranking members Kissel and Mushinsky and distinguished members of the Legislative Program Review and Investigations Committee.

My name is Paul Mounds, Jr, and I serve as the Senior Policy Analyst for Governor Dannel P. Malloy. I would like to thank you for inviting me to testify on an issue of great importance to the Governor: maximizing federal revenues.

Before joining the Governor's staff, I served as a staff member of both a United States Congressman and Senator of the Connecticut Congressional Delegation, including serving in the role of Federal Grants Coordinator.

First, I would like to commend the Committee and the staff of Program Review for undertaking the review of this critically important issue to the Administration.

Today, I will focus my remarks on federal grants and discretionary funding, and comment on the efforts of Governor Malloy and his Administration to ensure Connecticut is aggressive and focused on obtaining available federal funds. In addition to my testimony today, you will hear from representatives from various state agencies that will present specific testimony of their federal funding activities.

Connecticut is a donor state – our citizens pay more in taxes than we receive back in federal mandatory and discretionary funds. The vast majority of federal spending is mandatory, and thus governed by formulas set by Congress. But on the discretionary side of the federal ledger, Governor Malloy has committed the state to go after all federal dollars that would benefit the State. To that end, the Governor has tasked our agencies with investigating and pursuing opportunities that will support and supplement state initiatives and programs.

Upon taking office, Governor Malloy made drastic changes both to the state's relationship with the federal government and the way it works with the federal government.

- First and foremost, Governor Malloy has advanced policy initiatives and enacted laws to enhance the State's competitiveness in discretionary funding opportunities.
- He has directed his agency Commissioners to work closely with their counterparts in the federal government from the leadership level to the program staff level. And he has made it a priority that Connecticut agencies properly and successfully administer their grant awards, both

competitive and formula grant dollars. Indeed, being a good steward of federal funds that automatically flow to the State is a necessary condition for Connecticut to be successful in competing for discretionary dollars.

- On a personal level, the Governor has been assiduous in building and enhancing relationships and regularly communicating with Cabinet officials and White House principals. The goal is not just to press the case for Connecticut-based grant applications, but to make lawmakers and rulemakers aware of what's working in Connecticut and how it can be replicated on a national level, which of course benefits this State
- Governor Malloy has reinvigorated our Washington, DC office. He appointed Dan DeSimone as Director in March 2011. Among his credentials, Dan formerly worked for the Governor of Oregon as his Washington Director and as a legislative aide to a member of Congress. Governor Malloy charged him with enhancing our state's presence on Capitol Hill and within the Federal agencies – those that create the funding opportunities, write the rules of the competition, and make the final decisions on distributing federal funding. Working in conjunction with our Connecticut Congressional Delegation, he is in regular contact with members of Congress and Congressional leadership, federal agencies, and the White House to ensure Connecticut's voice is heard and that opportunities don't slip through the cracks.
- Governor Malloy has taken a leadership role in the National Governor's Association, to ensure that the policy positions of the nation's governors are not just in concert with Connecticut's, but to actually shape those policies. In leading the NGA's Natural Resource Committee this past year, for example, Gov. Malloy led the drafting of policy such that there is now bipartisan gubernatorial consensus supporting increased production and utilization of environmentally responsible, cleaner energy and more efficient use of that energy.

There is more that can be done and the Governor is tireless in pushing his staff and his Cabinet to improve our competitive position. The Governor's office will look to implement a more systematic operation related to grants later this year. This will augment our current efforts to win discretionary awards that advance Connecticut priorities. We will have more details to provide the Committee on this initiative in the coming months.

That said, the fiscal climate in Washington, DC is such that federal grants, whether formula and competitive, will be reduced in the aggregate. For example, the DOE Weatherization Assistance Program has been cut 61% over last year's level. High speed rail funding has been zeroed out in the Department of Transportation's budget for the past two years, even though the Obama Administration has requested funding to support this program. And for a program like LIHEAP, which is so important to Connecticut, the President's FY13 budget request is \$450 million less than in FY12. These are just three examples. The fact is that all discretionary programs confront less federal funding.

And, frankly, the political climate in this House of Representatives is hostile to most discretionary grants-in-aid to states and the mandatory programs critical to the State's safety net, particularly Medicaid and SNAP. Just look at the Budget Resolution passed by the House of Representatives this year. The Congressional Budget Office reports that under the FY13 House Budget Resolution, total federal spending — including Social Security, interest, and health care — would fall to 16 percent of GDP by 2050. This would be the lowest level since 1950, when Medicare, Medicaid, most federal funding for education, highways, and environmental protection, and various other significant federal activities did not exist.

Already in this Congress, two trillion dollars has already been cut from the federal budget over ten years. Now, Sequestration is looming come January 2013 which would cut in excess of another trillion dollars. Further deficit reduction — regardless of who controls the White House or the Congress - is inevitable.

This fiscal climate has placed a greater importance on Governor Malloy's efforts to increase the state's visibility and relationships with federal agencies — to educate them on our policy initiatives, innovations, and ingenuity which even limited federal discretionary dollars can support.

Governor Malloy will continue to ensure Connecticut is strongly represented in Washington, and that federal dollars are coming back to the state.

I would like to thank the committee for allowing me an opportunity to testify and the Program Review staff for their efforts on this important issue.

I would be happy to respond to any questions you may have.